

In an effort to assist victims of Hurricane Katrina, the Internal Revenue Service has removed qualifying income and transiency requirements for vacant units at Low-Income Housing Credit (LIHC) properties. Effective August 29, 2005, all vacant units at LIHC properties in Tennessee can be leased to these victims and their families. Subsequently, THDA has issued the following guidance for owners to follow when leasing their vacant units to these households.

1. All units leased to disaster victims must have a file that contains documentation that the household previously resided in one of the effected states: Alabama, Louisiana, or Mississippi. According to FEMA's website (<http://www.fema.gov/news/disasters.fema>), the following jurisdictions have been designated for Individual Assistance for Hurricane Katrina:

Alabama: Baldwin, Mobile, Pickens, Greene, Hale, Tuscaloosa, and Washington Counties.

Mississippi: Adams, Amite, Attala, Claiborne, Choctaw, Clarke, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston, and Yazoo Counties.

Louisiana: The parishes of Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana.

The preferred method of documentation is the certificate number they received through FEMA processing. If that is not available, other methods of documentation which can provide information on the household's previous residence such as a valid driver's license or state identification card, bank statements, utility bills, or verification through a credit-reporting agency.

2. The lease term restriction is waived for units leased to disaster victims. These households can be allowed to initially enter into month to month tenancy due to their evolving circumstances. Fees charged for month to month tenancy are considered rent for purposes of the LIHC program.
3. Verification of income for disaster victims and their families is not required, however the IRS would like some type of self certification of household income. This is for tracking purposes only, not a qualification requirement. Remember, all rent-restrictions remain applicable for these units.
4. Low-income applicants on current waiting lists must be served prior to leasing units to disaster victims. Accordingly, current households must not be displaced to provide housing for the disaster victims.
5. Project owners are required to maintain and certify information regarding the household including name, address of damaged residence, social security number, and a sworn statement attesting that the household requires temporary housing due to the effects of Hurricane Katrina. The owner must also list the property with the National Emergency Resource Registry (NERR) at their website – [www.SWERN.gov](http://www.SWERN.gov).
6. All other requirements of Section 42 remain applicable to disaster victims and their families residing in LIHC units. THDA monitoring will ensure:
  - a. that the units meet the Uniform Physical Condition Standards (UPCS),
  - b. that affirmative and continuing marketing efforts are taking place to reach low-income Tennesseans,
  - c. that eligibility standards are equal for all applicants,
  - d. and all other requirements of IRC Section 42 and the state specific requirements contained in the Land Use Restrictive Covenant are being met.

This guidance is issued in accordance with Revenue Notice 2005-69 dated September 9, 2005 which expires on September 30, 2006. All questions regarding the guidance or the tenancy of disaster victims of Hurricane Katrina in LIHC properties in Tennessee should be directed to the Division of Program Compliance – Regulatory Compliance Section at (615) 741-2400.